

HSA OVERVIEW

What is a Health Savings Account?

A Health Savings Account (HSA) is a tax-exempt trust or custodial account established for the purpose of paying or reimbursing qualified medical expenses of you, your spouse, and your dependents. Contributions to an HSA are tax deductible, the earnings grow tax deferred, and distributions to pay or reimburse qualified medical expenses are tax free.

What are My Responsibilities as an HSA Owner?

Each year you are responsible for determining your eligibility and allowable annual HSA contribution and whether you have qualified medical expenses eligible for reimbursement with nontaxable HSA distributions. You are encouraged to seek this guidance from a tax or legal professional.

How Do I Establish an HSA?

If you are eligible, you can establish an HSA in much the same way you would establish an IRA. See any of our new account representatives. We will explain the nature of these accounts in more detail and help you complete the forms necessary to establish an HSA.

HSA ELIGIBILITY

Am I Eligible for an HSA?

You are an eligible individual and may make regular HSA contributions if you are covered under a qualifying high deductible health plan (HDHP) and answer "No" to each of the following questions:

1. Do you have other health coverage (except permitted coverage)?
2. Are you enrolled in Medicare?
3. Are you claimed as a dependent on another person's tax return?

What is an HDHP?

An HDHP is a health plan with an annual deductible, based on the type of insurance coverage, that is no less than the amounts shown in the chart that follows:

HDHP Annual Deductible		
Tax Year	Self-Only Coverage	Family Coverage
2016	\$1,300	\$2,600
2017	\$1,300	\$2,600
2018 and later	\$1,300*	\$2,600*

* Subject to annual cost-of-living adjustments.

Contact your health plan provider for assistance in determining if your HDHP meets the requirements for an HSA.

Are There Other Requirements for the HDHP?

Yes. For HSA purposes, the HDHP must limit out-of-pocket expenses, based on the type of insurance coverage, to no more than the amounts shown in the chart that follows:

Maximum Out-of-Pocket Expenses		
Tax Year	Self-Only Coverage	Family Coverage
2016	\$6,550	\$13,100
2017	\$6,550	\$13,100
2018 and later	\$6,550*	\$13,100*

* Subject to annual cost-of-living adjustments.

Can I Have an HSA and Participate in a Health Flexible Spending Account (FSA)?

One of the general rules for HSA eligibility is that if you are covered under another

health plan that is not an HDHP, you are not an eligible individual, and you cannot make regular contributions to an HSA. A health FSA is considered a non-HDHP because you can use the assets in the FSA before you have met your deductible in the HDHP. However, if you are covered by a limited purpose or post-deductible health FSA, and are otherwise eligible, you can make regular contributions to your HSA.

HSA CONTRIBUTIONS

Who Can Contribute to My HSA?

If you meet the eligibility requirements for an HSA you, your employer, your family members, and any other person (including nonindividuals) may contribute to your HSA. This is true whether you are employed, self-employed or unemployed.

How Much Can Be Contributed to My HSA?

The maximum annual contribution amount is the standard limit as shown in the chart that follows. It is reduced by any employer contributions to your HSA, any contributions made to your Archer MSA, and any qualified HSA funding distributions from your IRA to your HSA.

Additionally, "catch-up" contributions are available for eligible individuals who are age 55 or older by the end of their taxable year and for any months individuals are not enrolled in Medicare.

Note: Any transfer from a checking, savings, or other type of deposit account is considered a regular contribution into your HSA and is applied to your maximum annual contribution limit.

Contribution Limits				
Tax Year	HDHP Coverage	Standard Limit	Catch-Up Limit	Maximum Contribution Limit
2016	Self-Only	\$3,350	\$1,000	\$4,350
	Family	\$6,750	\$1,000	\$7,750
2017	Self-Only	\$3,400	\$1,000	\$4,400
	Family	\$6,750	\$1,000	\$7,750
2018 and later	Self-Only	\$3,400*	\$1,000	\$4,400*
	Family	\$6,750*	\$1,000	\$7,750*

* Subject to annual cost-of-living adjustments.

Example

Joann, age 38, has family HDHP coverage. Assuming she remains eligible for all of 2017, her contribution limit is \$6,750.

The standard and catch-up contribution amounts are determined on a monthly basis and are zero for any months an individual is not eligible.

Example

Al reached age 65 and enrolled in Medicare during July 2017. He had been participating in an HDHP with self-only coverage. Al is no longer an eligible individual for the months after June 2017. Al's contribution limit for 2017 is \$2,200 [his regular contribution limit of \$3,400 plus the catch-up contribution limit of \$1,000, multiplied by the number of months he was eligible (6 — January through June), then divided by 12].

Mark, age 52, has self-only HDHP coverage. Mark's 2017 monthly contribution limit is \$283.33 ($\$3,400 \div 12$). However, Mark changed jobs in the middle of the year and his HDHP coverage ended June 15, 2017. Mark has a zero contribution limit for any month he is not an eligible individual on the first day of the month. Therefore, he may contribute to an HSA only for January through June. Mark's total contribution limit for 2017 is \$1,700 ($\$3,400 \times 6 \div 12$).

For married individuals with family HDHP coverage the standard contribution limit can be split between their HSAs in any manner.